

12: Migration Futures

12.1 Aims

This chapter's principal aim is to explore short to medium term scenarios for the numbers, skills, origins, and destinations of immigrants within Australia. Short term futures consider events up to five years from now, and medium term futures focus on the period between five and ten years ahead.

Forecasting is a hazardous activity because errors tend to compound the further into the future we look, and this danger is greater for complex systems incorporating numerous interrelated variables. Immigration is one such system because it is affected by numerous economic, social, political and environmental issues, both domestic and international, for which data are frequently lacking and where interrelations between contributing variables are poorly specified. Thus, we adopt a 5 year forecast period augmented by occasional longer term and more risky projections.

The quality of forecasts is also dependent on the techniques applied, and we have chosen the Scenario construction approach because it can better handle complex socio-economic systems by permitting analysts to incorporate hunch or intuition, lateral and creative thinking, and imagination. It is usual to construct at least three scenarios based on differing assumptions, operating variables included, weights assigned, and relationships specified. Alternative perspectives demonstrate the risk encountered in forecasting complex and open systems.

We are unaware of comparable prior exercises. Duncan et al. (2004) focus primarily on how to raise Australia's population substantially, perhaps to 40 million by 2050. They see this as a feasible exercise in nation-building, but their aims and discussion are largely speculative and revolve around Australia's population carrying capacity. The Productivity Commission (2006) developed a Net Arrival Tracker (NAT) model to estimate long term economic impacts of a 50 per cent rise in skilled immigration. This exercise, however, focused largely on such matters as the working age population, participation rates, unemployment and hours per worker, with assessed impacts being generally favourable.

12.2 Purpose

The forecasting exercise serves five related ends. **First**, scenario construction is a vehicle to illustrate the large and inter-connected range of factors shaping immigration outcomes, and to assess their relative importance. **Secondly**, the construction of, say, three differing scenarios demonstrates how quite small changes in settings within them may lead to important differences in short- and medium- term outcomes. These first two ends lead to a **third**, namely explicit linking of economic, social, geo-political and environmental dimensions

of migration, which feeds into a **fourth** – a discussion about the alternative immigration settings from which Australia can choose. In the process, we may elevate debate away from the single issue analysis so prominent in the media. Thus, workforce needs and social relations, for example, intersect at many points and should probably not be treated in isolation. Scenarios, **fifthly**, impart a time dimension to the discussion and demonstrate the potential transience of today's concerns and imperatives, while flagging new problems and opportunities.

Immigration forecasting is timely given recent increasing numbers of overseas immigrants, their changing skills and ambitions, and Australia's own demographic transition. In turn, such domestic considerations reflect wider international settings, especially the political, cultural and economic ferment occurring within Australia's adjacent Asian and southwest Pacific regions. China and India are becoming major economic powers; closer in, we encounter an arc of political instability connected to poor economic performance (Duncan and Chand (2002)); and many aspirant nations, such as Vietnam, are beginning to ascend the escalator to prosperity. Australia is a major player in each of these events, which are likely to affect future patterns of immigration.

12.3 Approach

This section considers briefly the methods and outlooks underpinning our scenarios, for they are crucial for judging their merits. Three elements are particularly important:

1. listing the major components (or factors) likely to affect the composition of future migration, and exploring their inter-linkages and the extent to which they are influenced or controlled domestically;
2. justifying the adoption of scenario approaches, outlining their component steps, and explaining our style of scenario construction; and
3. contemplating information sources.

Forecasting components

Table 12.1 lists 65 items that might affect future levels of immigration, categorised by type and comprising economic (both macro and micro), political (international and domestic), social and environmental issues. Although our brief is to focus on social issues, and indeed these are stressed in the scenarios developed, future immigration trends will be heavily influenced by the state of the domestic economy in general and that cannot be separated from the health of the private sector. The size, composition, and geographical destination of Australia's migrant intake have a long history of fluctuating in tune with local economic conditions. Increasingly, too, economic settings cannot be divorced from global events and domestic institutional

effectiveness, which explains the crucial role of political items 36 to 47 in the table.

Neither can economic or political issues be separated from a raft of important social issues. Taken together, these social dimensions define a nation's ambition, flexibility, adaptability, cohesion, and tolerance of diversity. Simultaneously they lubricate the wheels of economic advance, shape the nation's attractiveness both to investors and would-be migrants, and potentially ease the political task of allaying fears and suspicions. Items 48 to 57 incorporate the usual notion of social capital, but also go well beyond it.

Finally, but not least, we cannot separate Australia's future immigration from environmental considerations both here and in source nations. There have long been debates over Australia's population carrying capacity and its optimal spatial allocation (Australian Parliament, 1994). Recent analyses of climatic change suggest that development opportunities are emerging in North Australia, while environmental stress is growing in the populous south-east corner. Similar events globally could make Australia a desirable destination for environmental refugees.

The 65 component variables are clearly inter-linked; indeed, everything affects everything else (Table 12.2) to create the ultimate in complex and open systems. This, in turn, is exacerbated by accelerating change imposed by fast technological invention (and uptake), globalisation (spurred through reduction in the tyranny of distance), socio-economic diversification (enabled by wealth creation), and deepening civil society (which holds government to increasing account). Moreover, Table 12.2 reports on six selected attributes of those variables:

1. Spatial variability, impact and/or presence. Component impacts on space, operating via immigration, could vary substantially from place to place.
2. International connection. International events shape domestic economy and society and potentially the level, structure and geography of migration.
3. Autonomy from government. While Australia has a planned intake quota for the major streams of migration (such as Humanitarian, Skilled, and Family), many variables affecting the composition of Australia's migration future are essentially autonomous in the sense that domestic governments influence few of the processes at work.
4. Inherent instability. Many scenario components are inherently unstable, being susceptible to large cyclical or monotonic shifts over time.

5. Institutional input. Most components are affected by institutions, including governments and their client agencies, nominally independent organisations (such as the Reserve Bank), industry associations, private firms, and the gamut of social organisations making up civil society. Institutional capacity plays a major role in shaping economy and society.
6. Cultural input or impact. Cultural outlooks substantially shape people's attitudes to economy, society and environment in general and to immigration in particular – either directly or indirectly through institutions, political processes, or economic behaviour.

Collectively, the 65 variables provide a kind of stage on which immigration events are acted out. As a way of gathering qualitative data for the scenario exercise we interviewed several key national stakeholders from the Reserve Bank, the Productivity Commission, Minerals Council of Australia, and the Australian Farmer's Federation. A number of other peak industry bodies were invited to participate but declined (i.e. Business Council of Australia). Some of data for the scenario analysis also arose out of focus group interviews. There is scope for a great deal more research on this topic.

Among the large range of forecasting techniques, scenarios are the most complex, eloquent and subtle. They combine the rigour of theory and statistics with the essential flair and imagination necessary the future of multi-faceted issues embracing economy, society, the environment, and international relations. They do this in a structured way to tell multiple credible stories about the subject of investigation. Decision-makers frequently blend scenarios according to their informed judgement to generate hybrid policies guiding preferred outcomes. Used in this way, the power of evidence based scenarios lies only partially in their accuracy; more significant is their capacity to stimulate ideas¹¹.

One excellent guide to scenario construction is Schwartz (1991), who headed Royal Dutch Shell's brilliant forecasting team for a period during the 1980s. In his view, scenarios entail four Key Questions, at least eight Elements of Plots, and a four-dimensional Knowledge Base (see Table 12.3). Our analysis employs this approach. Note that several of the elements of plot (items B4 to B8) deliberately search for important departures from established norms, a valuable attribute of scenarios in a fast-changing world and likely to be missed by other forecast methods. In turn, the impact of dramatic change is affected by society's adaptive capacity (B9). This element is shown in italics to indicate its omission from Schwartz's original analysis. Other useful discussions of the uses and abuses of forecasting are Rescher (1998) and Tydeman (1987).

¹¹ Important forecasting techniques include statistical extrapolation, multiple regression analysis, computable general equilibrium (CGE) models, such investment appraisal techniques as (i) benefit-cost and (ii) discounted cash flow analysis, cohort-survival models (in demography), analogy, futurology (and other literary approaches), and the Delphi technique (which blends the opinions of panels of experts. See Tydeman (1987) for a review of their respective strengths and weaknesses. Unlike scenario construction, many of these approaches find it hard to interweave essential, but 'soft', socio – political issues into their fabric.

Table 12. 1: Forecasting components

Item Number	Major Category	Minor Category	Sub-Category	Item
1	Economic	Macro	D/S	Demand for goods and services
2				Supply of goods and services
3			Fiscal Matters	Tax Rates
4				Tax Distortions
5				Budget Outcome
6			Savings and Investment	Subsidies / Distortions
7				Investment Level
8				Savings Rate
9				Interest Rates
10				Debt Servicing as Share of Income
11				Returns to Capital
12			Costs and Efficiency	Relative GDP Shares: Wages-Capital
13				Labour Market Flexibility
14				Labour Force Participation Rates
15				Efficiency of Capital Markets
16				Economic Openness - Public Sector Control
17				Infrastructure Supply, Cost and Quality
18				Business Compliance Costs
19			R and D Share GDP	
20			Summary Indices	Regional / National Comparative Advantage
21				Regional / National Competitive Advantage
22	Micro	Competitive Markets	Entrepreneurship	
23			Ease of Market Entry	
24			Level of Competition	
25			Extent of Market Power / Domination	
26		Innovation	Effort - Dedication	
27			Industry R and D Effort	
28			Innovation Capacity	
29		Business Inputs	Adaptive Capacity	
30			Access to, and Cost of, Capital	
31			Access to, and Cost of, Business Inputs	
32			Labour Market Cost / Knowledge / Skills	
33			Cost and Quality of Infrastructure	
34			Cost and Quality of Business Premises	
35		Company Profitability		

Table 12. 1: Forecasting components (continued)

36	Political	International Trade	International Trade Settings (freedom of trade)
37			International Trade Settings (bi- or multi-lateral)
38			Free Trade - Protectionism Balance
39			International Cartels
40		Relations	State of International Relations
41			Incidence of Failed States
42			Defence Effort
43		Institutional	Effectiveness of International Regulatory Agencies
44		Domestic	Effectiveness Efficiency in Inter-State Resource Allocation
45			Efficiency in Service Delivery
46			Efficiency in Resource Allocation
47			[across all tiers of government]
48	Social	Inter- AND	Attitude to Risk
49		Intra-	Future Orientation
50		Regional	Adaptive Capacity
51			Adherence to Tradition
52			Institutional Depth
53			Institutional Effectiveness
54			Interest Group Power
55			Interest Group Membership
56			Social Diversity
57			Social Harmony
58	Environment	Physical	Climatic Conditions
59			Incidence of Severe Events
60		Management	Effectiveness in Resource Discovery
61		Issues	Effectiveness in Resource Conservation
62			Efficiency in Resource Allocation
63			Efficiency in Resource Extraction
64			Level of Resource Depletion
65			Level of Resource Enhancement

Table 12. 2: Attributes of scenario components

Item Number	Major Category	Item	Linked to Item #	Attributes (Y/N)						
				Spatial	Internati	Autono	Stable	Instituti	Cultural	
1	Macro Economic	Demand	Complexly and delicately interrelated, with domestic and international dimensions recursively connected.	y	y			y	y	
2		Supply		y	y	y				
3		Tax Rates		y	y			y		
4		Tax Distortions		y				y		
5		Budget Outcome						y		
6		Subsidies / Distortions		y			?	y		
7		Investment Level		y		y		y		
8		Savings Rate		y		?		y	y	
9		Interest Rates		y				y	y	
10		Debt Servicing as Share of Income		y				y	y	
11		Returns to Capital		y		y	y	y		
12		Relative GDP Shares: Wages-Capital						y	y	
13		Labour Market Flexibility		y		y			y	
14		Labour Force Participation Rates		y					y	
15		Efficiency of Capital Markets				y		y	y	
16		Economic Openness - Public Sector Control				y		y	y	
17		Infrastructure Supply, Cost and Quality		y					y	
18		Business Compliance Costs							y	
19		R and D Share GDP		y				y	y	
20		Regional / National Comparative Advantage		y					y	y
21		Regional / National Competitive Advantage		y					y	y

Table 12. 2: Attributes of scenario components (continued)

Item	Major category	Item	Linked to Item #	Attributes (Y/N)					
				Spatial Impact / Presence	International	Autonomous	Stable	Institutional	Cultural
22	Micro Economic	Entrepreneurship	Complexly and delicately interrelated, with domestic and international dimensions recursively connected. Regional / national / international cultural dimension important in comparative and competitive advantage. Operates within macro context, but feedback loop influences macro settings.	y		y		?	y
23		Ease of Market Entry						y	
24		Level of Competition		y	y	y		y	
25		Extent of Market Power / Domination		y	y	y		y	
26		Effort - Dedication		y	y	y	y	y	y
27		Industry R and D Effort							
28		Innovation Capacity		?		y		?	y
29		Adaptive Capacity			y	y		y	y
30		Access to and Cost of, Capital		y			y	y	?
31		Access to, and Cost of, Business Inputs							
32		Labour Market Cost / Knowledge / Skills		y	y	y		y	y
33	Cost and Quality of Infrastructure	y				y			
34	Cost and Quality of Business Premises			y		y			
35	Company Profitability			y	y		y		
36	Political	International Trade Settings (freedom of trade)	International relations and trade dimensions are mutually interrelated and feed directly into macro- and micro-events. So does the efficient and effective delivery of public services.	y	y			y	y
37		International Trade Settings (bi- or multi-lateral)		y	y			y	
38		Free Trade - Protectionism Balance		y	y			y	
39		International Cartels			y			y	
40		State of International Relations			y			y	
41		Incidence of Failed States			y			y	
42		Defence Effort						y	
43		Effectiveness of International Regulatory Agencies			y			y	
44		Efficiency in Inter-State Resource Allocation		y				y	
45		Efficiency in Service Delivery		y				y	
46		Efficiency in Resource Allocation		y				y	
47	[across all tiers of government]								

Table 12. 2: Attributes of scenario components (continued)

Item Number	Major Category	Item	Linked to Item #	Attributes (Y/N)					
				Spatial Impact / Presence	International	Autonomous	Stable	Institutional	Cultural
48	Social	Attitude to Risk	These dimensions are strongly interlinked and feed directly into both long-range economic prosperity and political capacity to operate effectively.	y	International influences swirl diffusely and thinly around many of these issues.	y	y		y
49		Future Orientation		y		y		y	
50		Adaptive Capacity		y		y		y	
51		Adherence to Tradition		y		y	y	y	
52		Institutional Depth		y		y	y	y	
53		Institutional Effectiveness		y		y	y	y	
54		Interest Group Power		y		y	y	y	
55		Interest Group Membership		y		y	y	y	
56		Social Diversity		y			y	y	y
57	Social Harmony	y		y		y	y		
58	Environment	Climatic Conditions	These dimensions are also strongly interlinked and directly affect the four previous heads of consideration.	y	International influences swirl diffusely and thinly around many of these issues.	y			
59		Incidence of Severe Events		y		y			
60		Effectiveness in Resource Discovery				y		y	
61		Effectiveness in Resource Conservation		y		y		y	
62		Efficiency in Resource Allocation						y	
63		Efficiency in Resource Extraction				y			
64		Level of Resource Depletion						y	
65		Level of Resource Enhancement		y				y	

Table 12. 3: Scenario components

A	Four Key Questions
1	What are the driving forces?
2	What do you feel is uncertain?
3	What is inevitable?
4	How about this or that scenario? Which is most likely?
B	Elements of Plots
1	Who wins and loses? Or are win-win situations possible?
2	What are the challenges and responses? [challenges = tests]
3	How are things evolving? At what speed? [note that technologies tend to be evolutionary]
4	What revolutions may occur? [e.g. war and conquest, famine and pestilence, political collapse, political revolution (including, for example, the Anglo world's embrace of market principles from 1980 to 2006), or economic depression (revolutions equate with Drucker's discontinuities)]
5	What events occur in cycles? [examples include the business cycle and patterns of spatial decay and rejuvenation]
6	Are there conditions of infinite possibility? [infinite possibility = boundless optimism (for example, the rise of the internet, the mining sector or bio-technology)]
7	Are there any lone rangers? [for example, Margaret Thatcher, David and Goliath, Apple computer]
8	Is generational conflict important? [different age cohorts tend to espouse different values and cultures]
9	How adaptable are people and their institutions? [in a world of growing complexity and speed of change, adaptive capacity is a crucial determinant of system stability]
C	Knowledge Base
1	Knowledge of current economy, society, polity, demography, or environment (including recent trends)
2	Sets of assumptions about key driving forces and the way they may behave
3	Lateral thinking about extreme or unusual events and their impact on established patterns or norms
4	Probability analysis or assessment of likely events.

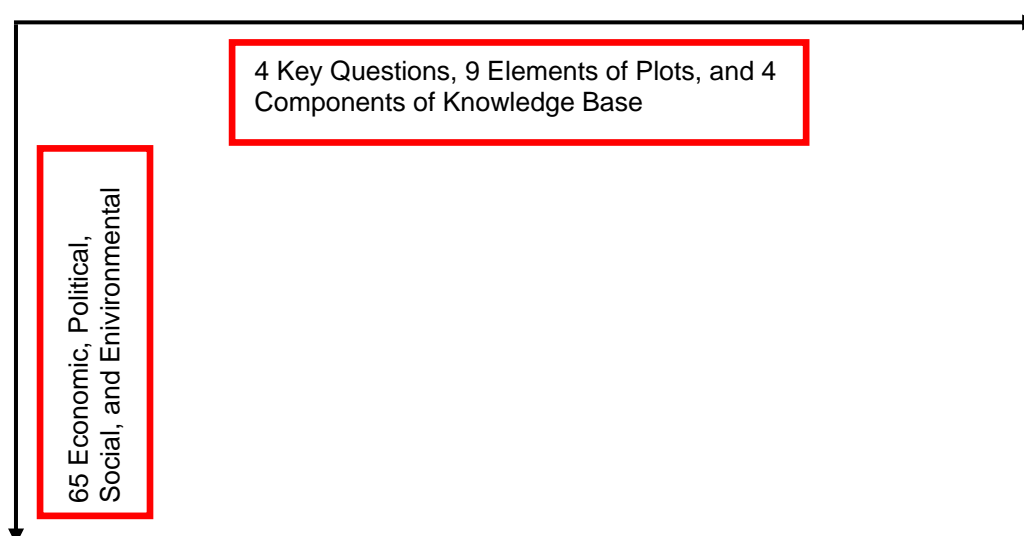
Why scenarios?

Australia's rapid economic growth in the last 15 years was accompanied by unprecedented change in jobs, lifestyles, social relationships, demographics, and global engagement. Yet, this was accomplished with low internal stress because of an increasingly confident, outward looking and flexible economy and society. Our first extrapolation scenario examines immigration issues assuming continued growth in output and employment in Australia's current investment friendly and adaptive environment. The second stress scenario looks at immigration issues when a set of on-balance negative factors creates rising community stress and dysfunctional response. Finally, we imagine a structural change scenario focusing on emerging trends in global migration and their possible effects on Australia. Despite Australia's lengthy period of rising prosperity and increasing adaptability to rapidly changing conditions, we cannot assume that they will continue indefinitely and we try to assess the scenarios' probabilities of occurrence.

Of course, the relative importance of the questions in Table 12.3, and the components and attributes in Table 12.2 varies according to the length of the forecast period. The longer the period, the greater is the likelihood of volatility in known variables and the introduction of major unforeseen factors. This is especially hazardous for immigration forecasting, which is subject to large, complex rapidly changing global dynamics. For this reason, our forecasts focus just 5 years ahead, with occasional longer term estimates.

Note that scenarios with strong socio-political, institutional or environmental content are not readily amenable to econometric analysis. This is despite recent developments in behavioural and environmental economics. Thus, changes to policy settings; the morphing of perceptual, attitudinal or behavioural concerns; and the evolution of institutions are all likely to impact unpredictably on economic outcomes.

Figure 12. 1: Scenario construction template



Data requirements

Scenarios can be constructed at different levels of detail. Highly detailed immigration forecasts would require (a) prodigious quantities of statistical data and qualitative information for a large number of variables and (b) an ability to model their interactions. This is beyond the scope of the current project on account of scarce information; many unspecified relationships between variables; the difficulty of reducing economic, social, political and environmental issues to a common metric; and the integration of both domestic and international processes. In contrast, our exercise is based on information culled from a wide range of sources, and incorporates extensive observation of events, ideas, information and trends, both Australian and international. Our scenarios are consequently more impressionistic than detailed, and designed to trigger informed discussion about immigration futures, and especially their socio-spatial correlates.

The forecast process has three stages, the first of which sets the over-arching socio-economic-environmental context constraining future patterns of immigration. The template in Figure 12.1 serves to conceptualise, structure and describe the complicated context in which Australia's immigration issues are decided. Its vertical and horizontal axes list respectively the 65 component variables from Table 12.1 and the scenario construction dimensions from Table 12.3. We have filled in the relevant detail in Table 12.5.

The second component is to craft three hypothetical short-term contextual scenarios from Table 12.5, while the third component envisages specifically how those contexts can shape immigration events and their impacts.

Table 12. 4: Key ingredients for scenario construction

See Appendix 12A.1.1 for fuller exposition of these points

Major Category and Item Numbers (refer to Table 8.1)	A Four Key Questions		
	What are the driving forces?	What do you feel is uncertain?	What is inevitable?
Macro-Economic Settings (Items 1 to 21)	Market reforms of the last two decades. The prospect of further reforms leading to greater efficiency and productivity. Conservative national economic management.	Ability to sustain a reform agenda in the face of rising international competition. Production constraints. Environmental hazards.	Growing international competition, exacerbated by peripheral location. The march of technology and rising pressures to innovate. Slow globalisation of labour markets.
Micro-Economic Issues (Items 22 to 35)	Competition, competition, competition. Australia's innovatory and entrepreneurial talents are substantial across the board. By global standards, Australia is a highly open economy and market pressures are important for innovation and entrepreneurship, and for avoiding monopoly and oligopoly.	Surprisingly little. The driving forces of change and strong management appear entrenched. Most uncertainties lie overseas.	Ever greater pressures on business performance and swifter penalties for those under-performing.
Political Settings (Items 36 to 47)	Australia and major partner nations realise that trade is beneficial and that domestic subsidies (arising from special pleading) are expensive and damaging to national competitiveness and aggregate wealth.	Moves to global free trade are hampered by protectionist sentiment and multi-lateral gains appear increasingly rare, fuelling increasing numbers of bi-lateral relationships. The uncertain commitment of all Australian governments to vigorous pursuit of efficiency.	Slow improvements to international trade and domestic public management in many countries. The rising incidence of failed states.
Social Settings (Items 48 to 57)	Rising social and economic adaptive capacity. It is easier to adapt, assume risk and adopt a future orientation when informed, knowledgeable and financially secure. These conditions also underpin social diversity and tolerance.	This delicate edifice relies on Australia's continued economic prosperity and confidence that this will occur. Ironically immigrant societies are much less amenable to conservative capture and more optimistic about future events.	Social and institutional deepening have progressed steadily for the last 800 years. The need for immigrant skills will rise with economic growth, the transition to a creative society, and peaking workforce participation rates.
Environmental Issues (Items 58 to 65)	Resource sustainability for future generations may be problematic in the light of apparently rapid climate change, ecological damage, resource depletion or exhaustion, insufficient capital investment in infrastructure. Many trade-offs could affect immigration policies and their application.	Just about everything: the level of resources; their sustainable consumption; infrastructure needs; and ideal trade-offs between competing ends (economic, social or environmental).	Issues include the depletion of many finite resources; sustainable limits on the use of others; rising technologies to create sustainable and renewable resources; the substitution of resources; international conflict over access to strategic resources

Table 12.5: Key ingredients (continued)

Major Category and Item Numbers (refer to Table 8.1)	A Four Key Questions	B Elements of Plots	
	How about this or that scenario? Which is most likely?	Who wins and loses? Or are win-win situations possible?	What are the challenges and responses? [challenges = tests]
Macro-Economic Settings (Items 1 to 21)	Australia lifts her economic game. Hostage to the shaky fortunes of powerful friends. Differential regional performance within Australia according to specialisation.	Individuals, communities or regions with skills, knowledge, capacity to innovate, resources and leadership will do well. Those without may struggle.	Reforming zeal, appetite for risk, leadership capacity.
Micro-Economic Issues (Items 22 to 35)	Three Australian scenarios suggest themselves: a continuation of the mounting strength of the last 15 years; a predominance of adverse uncertainties; and the potential for continued reform. Current trends appear the most likely event.	Improved business performance and market operation should be a win-win situation for all parties, especially in tight labour markets.	Protecting simultaneously public interests and corporate freedom to innovate and invest. Encouraging profitable research and development. Encouraging business to innovate.
Political Settings (Items 36 to 47)	The likely short-term scenarios for Australia include slow improvements in the efficiency of domestic management and the slow diffusion of freer trade. New forms of migration are likely to occur.	Global production and trade, competitive markets, emphases on education and invention, and now emerging global labour markets have benefited hundreds of millions, if not billions, of people.	The challenge for society's political apparatus is to run stable economic settings favouring profitable investment, while ensuring competition, obviating market failure where possible, and providing essential social security.
Social Settings (Items 48 to 57)	The overwhelmingly most likely scenario in the short to medium term is the continuation of social and institutional deepening aided by immigration. On the negative side Australia could encounter a surplus of migrants relative to demand through a major global economic down-turn.	At times of strong economic and employment growth, permanent immigration is largely a win-win situation for all segments of society, provided that it observes due process. Short to medium length immigration appears unproblematic.	The main social challenge in Australia is to maintain an economically and socially adaptable, risk taking, and future oriented community that accepts and encourages diversity and creativity, whilst accepting a set of core values or norms.
Environmental Issues (Items 58 to 65)	Many scenarios are possible, but not so much within our forecast period. However, fears over environment and resources will colour debates over many issues. Two scenarios stand out: alarmist - precautionary and optimistic, with shades in between.	The incidence of winners and losers from environmental and resource management is frequently complex, with winners and losers living within one region or inter-regionally. Win-win situations are sometimes possible.	The environmental challenge is primarily two-fold. One task is to manage environmental and resources efficiently, effectively and as far as in a sustainable way. The second is to evade extreme events that can severely damage economy and society.

Table 12.5: Key ingredients (continued)

B Elements of Plots			
Major Category and Item Numbers (refer to Table 8.1)	How are things evolving? At what speed? [note that technologies tend to be evolutionary]	What revolutions may occur? (revolutions equate with Drucker's discontinuities)	What events occur in cycles? [examples include the business cycle and patterns of spatial decay and rejuvenation]
Macro-Economic Settings (Items 1 to 21)	Australia has had an excellent track record in these regards during the last 20 years. It looks set to continue.	Faltering of global growth engines. War and conflict in the Pacific, West Asia and Africa. Energy disruption.	Business cycles, which are attenuating. Commodity prices. Production levels affected by drought.
Micro-Economic Issues (Items 22 to 35)	Improvements in all these directions are occurring, but capable of beneficial acceleration.	The emergence of highly competitive and large companies in China, India and other leading developing nations. New ideas in capital provision.	Product life cycles are increasingly rapid, aided by fast development of new technologies.
Political Settings (Items 36 to 47)	Such a strategy, while always capable of improvement, has been pursued effectively for several decades.	Short of more thorough economic and political integration with Asia, it is difficult to see a discontinuity of the kind Drucker envisages.	Perception of the role of immigrants is often contingent on the health of the economy, business profitability, the pace of domestic change, and the extent to which Australia is a closed society.
Social Settings (Items 48 to 57)	This challenge is being met. Some other changes under way relevant to immigration include longer working lives, and the adoption of transition to retirement arrangements.	The nature of immigration is changing quickly. Although net permanent migration is risen to a high level, medium to short temporary arrivals are rising fast as a concomitant to globalisation and temporary domestic labour shortages.	Immigration levels are irregularly cyclical in direct proportion to the strength of the domestic economy
Environmental Issues (Items 58 to 65)	This is a matter of opinion, depending on one's assessment of the depth of environmental problems and the best ways of tackling them. Agreement on this question between pessimists and optimists appears unlikely.	Lots. Dramatic climate events from accelerated warming through to cooling. Sound scientific understanding of the relative impacts of solar factors through to human agency and the ability of planetary self stabilisation through to the merits of technologies to remove greenhouse gasses.	Many cycles are involved, but none that affect the purpose of the exercise.

Table 12.5: Key ingredients (continued)

Major Category and Item Numbers (refer to Table 8.1)	B Elements of Plots			
	Are there conditions of infinite possibility? [infinite possibility = boundless optimism]	Are there any lone rangers? [for example, Margaret Thatcher, David and Goliath, Apple computer]	Is generational conflict important? [different age cohorts tend to espouse different values and cultures]	How adaptable are people and their institutions? [in a world of growing complexity and speed of change, adaptive capacity is a crucial determinant of system stability]
Macro-Economic Settings (Items 1 to 21)	Resources. Environmental quality. Strong leadership capacity.	see Micro-Economy analysis below. Australia's lone rangers appear more in the private sector.	Some latent conflict (e.g. housing affordability, intergenerational equity, low fertility rates).	Australians overall appear highly innovative and adaptable to changing circumstances. Political leadership crucial to maintaining this.
Micro-Economic Issues (Items 22 to 35)	A seemingly endless array of major new technologies.	These are extremely numerous, especially with the flood of new technologies. Australia is not, apparently, short of entrepreneurs willing to run with them.	Generational conflict in the business world seems endemic and potentially valuable provided that past lessons are heeded.	Business is highly adaptable. Maladaptive firms cease trading or are taken over by predators with better management skills.
Political Settings (Items 36 to 47)	Global engagement comes close.	Not currently in Australia	Not noticeably so.	Australian democracy is robust and generates fast learners.
Social Settings (Items 48 to 57)	The current phase of Australia's economic development appears so solidly grounded, and so exposed to a large array of international and technological opportunity, that shortages of skilled labour will have to be met somehow.	Australia's current crop of opinion leaders does not appear to have the strength to move public outlooks compared with the captains of industry - or the environmental lobby for that matter.	Generational conflict is potentially strong. Younger people tend to be better educated, more knowledgeable, less risk adverse and more accepting of change than older people and may pay heavily to support the latter!	Adaptability does not appear to be a problem for many parts of Australian society. However, it is spatially more pronounced in some regions, especially rural areas with their narrowly based economies and older populations.
Environmental Issues (Items 58 to 65)	Strong optimism resides with those foreseeing major technological advances to handle environmental problems. If so, Australia's optimal population could be as much as 50-60 million rather than the lowest estimate of just 6 million.	The environmental running is taken by the likes of Tim Flannery, David Suzuki, and Jared Diamond, backed by strident and noisy organisations of varying credibility. Dissenting positions tend to be much more widespread and disorganised.	Environmental and resource concerns have a strong generational base.	Individual and institutional environmental concerns and strategies appear capable of rapid transformation in the light of good evidence.

Table 12.5: Key ingredients (continued)

Major Category and Item Numbers (refer to Table 8.1)	C Knowledge Base			
	Knowledge of current economy, society, polity, demography, or environment (including recent trends)	Sets of assumptions about key driving forces and the way they may behave	Lateral thinking about extreme or unusual events and their impact on established patterns or norms	Probability analysis or assessment of likely events.
Macro-Economic Settings (Items 1 to 21)	There is a wealth of knowledge on most areas involved and many generally agreed positions.	Projection of future states and the understanding of driving forces is relatively well-known in the economic arena. Difficulties in merging economic, political, social and environmental issues in a single calculus, and in quantify trade-offs.	Just about anything mentioned already could go wrong.	The probability of improved economic management appears high. The largest single economic cloud is industrial countries' oil dependency.
Micro-Economic Issues (Items 22 to 35)	Enormous amount of information is available on trends in the business world.	That generally market economies are effective and that competition is beneficial, with regulation necessary to enable markets to operate effectively. That invention and innovation are central to business prosperity and survival.	The arrival of private equity buyouts and the creation of specialist asset portfolios are likely to improve business performance. Opening domestic markets to further international competition.	Improvements to business management likely in almost all respects.
Political Settings (Items 36 to 47)	Australia's politicians and bureaucrats are for the most part well informed	Australian political life is heavily influenced by a raft of assumptions, including the need for full employment, a fair go, a fair day's pay for a day's work, disregard for pretension, the need for a social safety net, and so on.	Nothing springs to mind.	Australian political life is very stable and appears unlikely to shift from current trajectories, except at the margins, irrespective of what party is in power.
Social Settings (Items 48 to 57)	Knowledge of social processes appears more sketchy than for the economy which is closely diagnosed.	The sets of assumptions on which policy and action may be based are correspondingly less well developed	it seems that social thinking is prone to slow adjustment. It seems unlikely that Australia will substantially shift its social outlooks in the forecast period.	Australians support orderly migration, especially when the economy is growing strongly as now. On balance, this looks set to continue, along with corollary of relatively easy social adaptation.
Environmental Issues (Items 58 to 65)	Environmental and resource forecasting are hazardous fields as is the development of effective management strategies. Both problems are fed by considerable scientific uncertainties and tension between precautionary philosophies and technocratic analyses. The attachment of probabilities to specific events is difficult, which it suggests policy precaution, but current economic strength and technological prowess instil optimism and confidence.			

12.4 The Scenarios

The following briefly outlines three possible migration futures. The task is discretionary, picking and choosing from among the lengthy observations in Table 12.5 to develop brief, but coherent and plausible, images of the short to medium term futures that are highly likely to impact on the number, category, source countries, destinations, and receptions of immigrants.

Migration future extrapolated from status quo

This is a projection of the current state of affairs. However, it does not imply retention of the status quo because Australia's economy and society are evolving rapidly in clearly identifiable ways. So, too, is the wider world around us. Thus, we are looking at a continuation of current economic and social trends augmented by a few substantial, but imagined, shifts on a few variables. The basis of the scenario is economic, given that present immigration patterns are already strongly oriented to meeting Australia's rising deficit in workforce skills brought about by the resources boom and almost full employment. The scenario is described through a set of dot points.

Australia's demand for skilled labour will continue its upward trend, fuelled specifically by the needs of the mining sector, but also by the general rise of creative work of the kind described by Florida (2003).

Because of a strong economy, with GDP growth averaging over 3 per cent per annum since the early 1990s, the number of skilled workers required by employers is running ahead of domestic supply, exacerbated by pronounced structural difficulties. There are large deficits among some skill types, notably for example in the mining sector, among health workers, in building and construction, and even urban planning. The spatial distribution of these shortages is also often uneven and worse in rural and remote areas.

In the longer run, market processes might reduce the skills deficit through training Programmes, rising relative wages in occupations or regions experiencing shortages, productivity gains through the application of capital, and the transfer of workers into industry sectors where their talents most add value to production. This endogenous reorientation of the workforce takes time. For example, the lead time for the training of a mining engineer may be a minimum of five years, but less if retraining is involved. Although mining companies have some capacity to buy their way out of labour shortage by paying higher wages and salaries, some public sector organisations delivering social services may have little room to manoeuvre.

Most labour (and especially skills) shortages will continue to be covered from overseas, either on a temporary or permanent basis. This option will be subject to rising competition globally because:

- Many advanced nations are facing rising dependency ratios as populations age and fertility rates fall;
- Many countries' education systems fail to deliver sufficient skilled workers (for example, geologists, medical practitioners, engineers);
- Global economic development is proceeding faster now than before; and the pace of technological change appears to be accelerating, requiring a constant flow of new (and underprovided) skills. These difficulties will worsen steadily in the forecast period.
- The concomitant of a global battle for labour in general and skilled labour in particular will be to tilt immigration criteria in favour of would-be migrants and to diversify the migrant experience. The development and fine-tuning of 457 visas in Australia is an example of this;
- Rapidly rising short-term intra-firm transfers within global companies or organisations are occurring as part of training and to give high fliers wider exposure to global operations; and
- There is growing medium term own account migration for lifestyle and personal development reasons. This category includes back-packers who seek work to fund their voyages of self-discovery and professionals whose qualifications are gaining wider international currency;

These trends will magnify, but also raise the prospects of short- to medium-term visitors wishing to change their status to permanent resident. Thus, to some extent, the post 1945 globalisation of production is increasingly being attended by the globalisation of labour. This process is reciprocal, for increasing numbers of Australian citizens are heading overseas to benefit from international experience, and the skills gained will work to the nation's great benefit should they return.

In addition, Australia's increasing tradition of granting work visas to overseas graduates from Australian universities looks set to continue.

Australia is not a single labour market, but several, with states' and regions' economies growing at different rates. Queensland and Western Australia look set to ride the mining boom for the forecast period, experiencing different labour problems to NSW and Victoria. Just as significant, important labour shortages are emerging in the small towns and industries of agricultural Australia, whether in construction, harvesting or downstream agricultural processing (e.g. abattoirs). We should not forget that agricultural Australia is generating high productivity growth and this has a long way to run (Productivity Commission, 2005). Moreover, its narrow economic base and endemic out-migration enhances labour supply difficulties, probably requiring innovative immigration strategies over the next decade, and rising acceptance

of peoples from different ethnic backgrounds, languages and traditions. These issues suggest a readjustment of current patterns of immigrant destinations.

The globalisation of labour is tending to mask the endemic and long-running problem of refugees from oppression and civil strife wherever it is located, including Somalia, Darfur, parts of Sub-Saharan Africa, or West Asia. Australia's long history of giving refugees asylum appears easier in an era of full and rising employment like that projected in this scenario.

Australia's political sphere of influence in the Western Pacific and the Near North contains several failing, or at-risk, states suffering some mixture of declining average incomes, high unemployment, poor educational and health services, and/or weak law and order reflecting inter-tribal/clan conflict (Australian Strategic Policy Institute, 2003; Kabutaulaka, 2005). Their collective medium-term prognosis is poor, leaving Australia and New Zealand with the geo-political problem of how to promote sustained economic development. One issue that will continue to arise is the potential role of an Australian guest worker scheme in raising the income of island economies. Such a scheme would be more readily marketable under this scenario than the following Stress scenario.

There may be increasing numbers of retirees from other countries wishing to live semi-permanently in Australia financed by drawing down on overseas pensions or superannuation. Such people would not be seeking full-time work, but may want to keep their hand in part-time jobs much as envisaged in the Treasurer's superannuation reforms for Australian residents. Such retirees may also want to access cultural services provided by nationals from their home countries, creating immigrant jobs in the process. This process would mirror EU movements of retirees from colder and bleaker locations to the warmer environments of Italy, France, Spain and Portugal. Were such movements to occur on any significant scale, it could create social stress in recipient regions, mostly along the Eastern Seaboard of Australia where domestic migration is already running strongly (Salt, 2004).

The consequences of such immigration trends for family reunion are difficult to fathom, except to say that the number of people involved may simultaneously rise in absolute terms, but decline as a proportion of the total.

Migration future extrapolated from stress

Instead of being a great village that says to the world, 'Look at us, how we can live with one another peacefully,' and give the world an idea about social interaction and multiculturalism, and all this. Instead of that, I think everyone will be like, at war with everybody else. Like it's going to be a disaster – if they don't deal with these issues, it's going to be, I think, in a few years time, it's going to be bad (Focus Group Informant South Brisbane).

This scenario examines what might happen were Australia's economy to encounter a moderate recession, in which unemployment rises to about 8 percent from the current 4.5 to 5 per cent nationally. This possibility is not fanciful and could be triggered by many different events in a globalised world. For example, rising energy or property prices could stimulate inflationary tendencies which reserve banks attempt to control by raising interest rates. Higher rates would reduce consumption of goods and housing and related employment. Domestically, sharply rising labour costs, because of the mismatch of supply and demand in the skilled workforce, could have a similar effect. Alternatively, strong demand for agricultural and mineral commodities could collapse on account of slower Chinese growth, itself induced by a recession in China's most important market, the United States, due to structural weaknesses in the latter's economy.

A domestic economic downturn, whether endogenously based or reflecting international events, is not the only source of potential stress. Prolonged drought is currently shaving 0.75 per cent of annual GDP growth and a worsening of the situation, if that is possible, could flow through adversely to urban spending capacity and rural business receipts alike (Australian Government, 2006). Apart from drought, other potential environmental problems could reduce the pace of growth and raise unemployment, sometimes in isolated pockets faced with destructive events like Cyclones Larry and Monica in 2006. Perhaps new superannuation taxation rules operating from July 2007 will trigger spending by retirees which may need to be reined in.

Alternatively, the rising dominance of mineral production in both volume and price will elevate the value of the Australian dollar to the point where a lot of manufacturing industry, farm output and even such services as university education or tourism become globally less competitive (the Gregory effect, Austrade (2005)). This already appears to be happening to the Melbourne and Adelaide economies. As with the Extrapolation Scenario, regional differences in economic performance and consequent immigration trends are likely to vary spatially. In the 1990-91 recession, the mining sector's strength muted the impact of the usual automatic stabiliser of a declining Australian dollar. Despite attempts by the rural sector to talk the currency down and lower mineral prices, the mining sector was able to raise output sufficiently to maintain its substantial earnings. Since the industry is now working close to capacity, this effect might not occur later this decade, with the effect that the pain of recession might be capped, but also spread geographically more widely.

It seems unlikely, and against all WTO agreements, that global recession would trigger more protectionist stances by some government, reducing the market for Australian goods, services or commodities. However, such conditions often make it difficult to pursue or implement trade agreements like those with Singapore, Thailand and the United States

It is entirely conceivable that Australia could be the destination of considerable numbers of refugees from civil strife in adjacent Melanesian countries. Ethnic, tribal and clan tensions are entrenched regionally and exacerbated by poverty and the breakdown of tenuous civil society. This is much more likely in the short to medium term than a flood of refugees caused by some combination of global warming, sea level change, or war in such other parts of the world as Africa or West Asia.

In short, Australia's current good economic and social fortune may be fragile in the near future if one or more of the above conditions is triggered. Let us suppose that the worst happens and unemployment rises to the 8 per cent level noted earlier. On past experience the rise will be sharp before unemployment drifts down again towards current levels. Such an event would be sufficient to put government and community alike on the defensive, even in those many locations that might be spared the impact. Industrial regions, outer urban fringes, small country towns and some lifestyle regions could shoulder most of the unemployment rise compared with the central areas of the capital cities, large country towns, and the playgrounds of the wealthy whose creative jobs are more insulated from global competition and surplus production.

A previous such event in the mid-1990s partly facilitated the rise of the populist One Nation party, which attracted the votes of poorer people and those who found it difficult to adjust to the increasing pressure for economic and social change (Grant, 1997). Judging by the then One Nation platform, the threats to their status and well-being perceived by the party's supporters led to protectionist strategies working to the disadvantage of outsiders – including immigrants. The cyclical rise and fall of skilled immigration, of people with high capacity for economic and social integration, partly reflects the state of the job market, while refugee and family union migration remains more constant and therefore a larger component of migrant intake during economic down-turns. Thus, refugees are more prominent in public perception at precisely the moment they are less likely to find work. As the case studies in the previous chapter illustrate, anxiety about migration undermines social cohesion, exacerbate fears about 'new migrants' and reduces the support for multiculturalism among the Australian resident community.

Migration future extrapolated from structural change

We're going into uncharted waters, like the changes in the next 20 years are going to be mind-blowing – we need to draw on the capital of what we've learnt from collective experience and knowledge, to actually position Australia for the future' (Focus Group Participant).

This scenario contemplates the opposite direction and considers the immigration implications of more rapid Australian economic growth, integration into the global economy, and arrival of globalised labour markets. We may

summarise the triggers for these events (also noted in various parts of Table 12.5) as follows:

- The continued rapid growth of China and India, coupled with the accession of other major nations to the growth escalator;
- Rapid technological innovation globally and its application in goods and services;
- Rising disposable income in Australia's trading partners;
- Satisfactory completion of the WTO's Doha Round, further opening up international markets to Australia's agricultural output;
- Holding in check commodity prices, themselves or their impacts, through their more efficient resource use;
- Developing alternative resources where possible, through exploration and substitution;
- Raising competition in the supply of goods, services, and even public administration;
- Ensuring that the benefits of development are widely spread;
- Accelerating Australia's endogenous research and development;
- Reform of capital markets (domestic and international) to accelerate the velocity of, and efficiency in, the circulation of capital;
- Improving community adaptability to change; with the benefits of faster growth and tolerance of the new or unusual. Education, skills development, information dissemination, the creation of an entrepreneurial culture, institutional deepening, and leadership are component factors in social adaptability;
- Taking an active role in the development of adjacent regions and nations; and
- Defusing environmental concerns through the effective implementation of sound environmental policies, and recognising that environmental conservation is also beneficial to development.

Collectively, these events could lead to:

- An even more wealthy, tolerant, productive, imaginative and fairer Australia,
- Australia exercising considerable beneficial regional leadership,
- Australia thereby becoming more respected regionally and
- Australia serving as a magnet for immigrant workers seeking to extend their skills and knowledge before returning home to apply it or living permanently in Australia.

The argument advanced here is that an improved economic and social performance by Australia can be beneficial in a circular and cumulative way and ease the path to larger and more diverse patterns of immigration. Under

this scenario, it seems that wealth drivers could favour regional and remote Australia, where the scale and efficiency of production is expanding most. Economists and scientists are observing important new development opportunities opening in North Australia in the light of major shifts in climatic systems, but it is difficult to see how such regions could be opened up depending on existing patterns of Australian population and scarcity of labour. Immigration into Australia might do for the north what South Americans have done for the southern US.

Under this scenario, net immigration levels could rise significantly beyond 140 000 per annum towards 200 000. We believe that this scenario, especially, heralds a major spatial shift in the geographical destination of immigrants compared with recent history. Apart from the resurgence of North Australia (north, say, of the Tropic of Capricorn), the beneficiary locations could be several, though not all, inland regional centres. Those regions with:

- Rising agricultural output (perhaps reflecting the intensification of production spurred by higher priced irrigation water)
- Good access to mineral resources
- High interregional connectivity (for example major transport and energy corridors)
- High amenity value (sea-change and tree-change)
- Good services, and secure water supplies and/or good climatic seasons coinciding with the end of drought.

Are likely to prosper and prove attractive to many classes of migrant. Of course, Sydney, Melbourne, Brisbane and Perth will remain favoured destinations, but their high price of real estate will act as a push factor favouring regional cities.

Which of the three scenarios is most probable after allowing that each may get only part of the story correct? Right now (as of April 2007), one might focus on the third, structural change, option. This reflects Australia's growing global engagement and regional (western Pacific) integration, coupled with stable economic settings and buoyant job market. Australia's increasing social capacity to absorb changes in technology, occupations and lifestyles is also impressive. These conditions enhance or accelerate what Sorensen and Epps (2005) call stable adaptation, which is the seamless adoption by a community or society of new ideas without significant social disruption.

12.5 Overview

Chapter 12 has illustrated the complexity of the forces shaping immigration and sketched three possible short term scenarios of how immigration might develop. These in turn illustrate how significant differences in outcome can result from plausible changes to a variety of settings. This is important for several reasons. Immigration is a dynamic policy field, where old outlooks can be rapidly superseded as international settings unfold. For instance, the effects of economic globalisation on immigration can be profound, and not just because of rising trade and the internal structural adjustment of nations. Bilateral trade agreements and the development of global markets for professional, creative and skilled labour can both accelerate the temporary two-way movement of people between countries – a migration cohort that barely existed two decades ago. Migration is no longer confined to poor people seeking a better life, but a large and growing cohort of people seeking personal and experiential development in all its dimensions. Migration across borders increasingly includes a wide range of temporary moves for an expanding range of reasons: education and training, professional development, personal reasons and meeting skill shortages.

Many of the factors shaping migration patterns are inherently unstable, none more so than Australia's economic health. The very strong growth of recent years has been a catalyst for all kinds of immigration, but more especially the movement of skilled people. The latter have helped counter the nation's increasing skills shortages. As employers have a global view of labour recruitment, recognising sponsored temporary skilled workers as essential for successful operations, this is trend likely to continue (Khoo *et al.* 2004). Finally, the destinations of migrants within Australia appear ever more dynamic, depending on the current locomotives of economic and regional expansion.

Governments, in Australia and around the world, only have a limited capacity to control the factors influencing immigration patterns through planning intake quotas of various visa streams. The Commonwealth has considerable flexibility in respect of macro-economic settings, but has little influence on patterns of international trade. They respond to global markets, corporate investment strategies, and the operations of increasingly complex financial markets seeking profitable investment targets for a world awash with capital. Natural disasters are difficult both to predict and to manage, and the Commonwealth has little influence over the incidence of war and pestilence.

Increasingly, too, a range of non- or quasi-government domestic and international institutions affects migrant origins and skills. Some offer formal advice (like the Productivity Commission); some have executive authority (like the Reserve Bank); some represent industry sectors (mining, agriculture, manufacturing or even education); there are private companies; and a large

number of social institutions who sponsor humanitarian entrants. Finally, the destinations of migrants appear ever more dynamic, depending on the current locomotives of economic expansion and regional development.

All these factors can change substantially and affect policy settings at short notice, conditions that suggest several coping strategies. The first strategy, obviously, is **information gathering**: This entails the need to:

- Closely monitor labour market trends and emerging patterns of international trade;
- Identify global social, political, economic and environmental pressure points that may influence the incidence of refugees and economic migrants; and
- Survey regularly the coping strategies developed by other immigrant countries.

Secondly, governments could then develop **short to medium term scenarios** based on that information to estimate potential future patterns of immigration. The general principle is that being forewarned means being forearmed in a policy sense. Better still, those scenarios can be placed in the public arena to gauge community reaction and co-opt thoughtful contributions from commercial and social leaders. Constant dialogue is an important means of conditioning public opinion in a fast changing world and facilitating adaptive social views.

Thirdly, in terms of coping strategies, scenarios could be input into **policy discussion** (or to use a military analogy policy games) so that rapid and considered responses are more likely forthcoming in response to rapidly changing settings.

A fourth coping strategy is for DIAC to **work closely and systematically with other government departments** to identify information sources, ideas for scenarios, and likely policy issues. It is already doing this through the Interdepartmental Committee on Humanitarian Settlement, but such a committee could be usefully extended in scope. Immigration is a complex arena, with potential inputs from Treasury, Foreign Affairs and Trade, Transport and Regional Services, and those ministries dealing with environmental, welfare, health and education issues. The same applies to a range of **advisory agencies**, including the Productivity Commission, Bureau of Transport and Regional Economics (BTRE), Australian Bureau of Agricultural and Resource Economics (ABARE), the Australian Bureau of Statistics (ABS) and relevant university or private research centres.

All these coping strategies have the potential to contribute to better immigration intelligence which in turn builds the Commonwealth's capacity for rapid policy response to changing conditions over which it has little influence or control.

13: Conclusions and further research directions

13.1 Conclusions

Australia is one of the most multicultural countries in the world. Currently, around one quarter of the Australian population were born elsewhere and almost a half have both parents born overseas. This is the broad context that frames the importance of comprehending the scale and nature of the social costs and benefits of migration into Australia. This study has attempted to do this by synthesizing an array of quantitative and qualitative material into an analysis of the social impact of migration. That analysis was guided by the four capitals framework for measuring Australia's progress: human, social, produced and natural capital. The study has drawn upon 49 different data sets and a large volume of existing although disparate research. It combined this data with original empirical material gathered through four community studies. On the basis of the available evidence, the main conclusion to be drawn from this study is that the social benefits of migration far outweigh the costs, especially in the longer term. Most social costs associated with migration are short term and generally arise from the integration phase of the settlement process. A number of other conclusions and directions for further research can also be drawn from the large body of material collated for this project.

There are significant data quality issues, gaps and limitations that impact adversely on the value of a large number of national and regional data sets. There is no standard data definition of migrant status used across an array of administrative data sets and this has made undertaking the project all the more challenging.

The patterns and characteristics of Australia's migrant population are constantly shifting, and these shifts give rise to concerns about migration among the host community. While the sustained nature of European immigration to Australia in the 19th and 20th centuries has meant that Europeans, along with Australians, dominate the ancestry profile, this is changing. Migrants from Asian regions now feature prominently, accounting for around 40 per cent of the current intake. This contrasts significantly with the source countries in the post-war era.

There is no doubt that Australia's stock of human capital has gained immensely from migration and that migrants themselves have also reaped benefits (as illustrated in the literature and data review in Chapter 3 and supported by the community studies). These outcomes can be attributed in the main to Australia's policies on immigration which have, in both historical and contemporary times, been successful in attracting highly qualified migrants with essentially good health – what is commonly called the 'healthy migrant

effect'. In addition to the healthy workforce components of human capital enhanced by migration, different types of sporting, cultural and leisure pursuits traditionally practiced in the source countries of many migrant groups have enriched Australia's cultural diversity. This in turn has increased the range and viability of available recreational and cultural activities for all Australians. An increase in Australia's overall stocks of human capital has also meant that migrants themselves have benefited from migration.

The impact of migration on Australia's stock of social capital has been critical to the nation's stock of social capital. Over the past decade, social capital has received increasing attention by government policy makers and a growing academic community of researchers. Because social capital is transferable within and between communities and can generate positive effects, many public and private benefits can be derived from its nourishment. As has been demonstrated, there is wealth of literature discussing various aspects of social capital as it relates to migrants and the communities within which they are active. While social capital is difficult to measure, the results contained in this report (in Chapter 4 and the community studies) point to migrants in general and Australian society as a whole increasingly being generators and benefactors of positive elements of social capital.

Social capital includes not just linkages between migrants and the host community; it also includes intra-migrant community links. The extent of migrant involvement in community life, civil society, social networks and neighbourhoods is, in many instances, similar to that of the Australia-born although there appear to be distinct differences in the way this might be manifested, particularly for persons from a non-English-speaking background. The manner in which people volunteer help to others is a case in point, with migrants from different cultural backgrounds or speaking languages other than English more inclined to be involved in an informal sense than through formal associations or organisations. In fact, offering support to new migrants in a myriad of ways appears to be a crucial component of the settlement process and for integration by individuals into Australian society, as illustrated by the Shepparton case study. Shepparton is a resilient community brimming with social capital and productive diversity precisely because it has been built on successive waves of migration.

An outstanding characteristic of Australian cities is the extent of residential differentiation exemplified by cultural diversity in suburbs that attract migrants. Households and families are also highly diversified as a result of marriages between migrant and host community members. Australia is characterised by relatively high levels of inter-marriage between migrants and the Australia-born, and this fact alone is evidence of the success of immigration outcomes. These are potential features that encourage most migrants to embrace Australian society, its political and cultural norms and, through participation in various aspects of community life, to enhance stocks of social capital. Of course, there are always exceptions and adverse media attention can result in public misconceptions about migrant status and crime (Poynting *et al.* 2004). Such misconceptions damage individuals, the ethnic communities to which

they belong, and the host communities, thus undermining social capital. Addressing recognised problems with data collection could help overcome misconceptions associated with the impact of migration on social capital for Australia.

Migrants contribute in positive ways to the productive diversity of Australia through investment in housing, the transformation of urban areas, in the creation of new businesses, the supply of products, the provision of new and different skills, and through other types of entrepreneurial activities (as demonstrated by data reviewed in Chapter 5, which was supported by an abundance of anecdote collected by the community studies). New settlers also create demand for a range of goods and services as well as infrastructure such as roads, schools and water supplies. For this reason, it is sometimes argued that increased migration levels put pressure on resources and cause shortcomings in infrastructure and services, particularly in those Australian cities which attract the bulk of new migrant settlers. According to this view, continued population increase through migration will cause further housing shortages and resultant price rises. Herein lies the dilemma. Because intake levels tend to be highest when the Australian economy is growing strongly and because migrants boost Australia's supplies of human and social capital, it is argued that increased migration should provide the additional resources needed to prevent shortfalls in existing infrastructure and services. Of course, provisioning for many of these factors may take years to plan and implement whereas, intake levels can fluctuate according to a range of parameters and with comparatively short lead times. Furthermore, the source countries of new migrants can vary substantially, creating new and different types of demands, sometimes in locations without a history of adapting to the types of services that might be required, as the study of regional migration in Toowoomba illustrated quite poignantly.

Chapters 7 to 11 provide an abundance of anecdotal interview data which, when taken together with the results of the quantitative and literature research in Chapters 3 to 6, strongly triangulate the view that migration brings substantial benefits to both the migrant and the host community, and that these far outweigh the attendant social costs or challenges. From a migrant perspective many of the benefits are intergenerational and accrue mainly to the descendants of the original settlers. From the perspective of the host country, migration contributes substantially to Australia's stocks of human and social capital, capacity for innovation, productive diversity and economic prosperity, opening up valuable cultural and business opportunities with the rest of the world. As an island continent in the southern hemisphere, the benefits to Australia, while incalculable, clearly have been enormous.

Most of the issues or social costs arising from migration identified in the data, literature (Chapter 3-6) and the community studies (Chapters 7-11) were associated with migrant cohorts entering Australia via the humanitarian stream, or those entering with minimal grasp on Australian culture and language. Understandably these issues mostly arose from the gap between the need for social unity and cohesion (tangibly expressed in a firm

commitment to universal values such as equality of opportunity, equality between the sexes, political freedom, justice, work and family life) and an array of generally short-term cultural integration issues (such as ignorance of road rules, domestic violence laws, child protection policies, equal opportunity legislation, compulsory schooling and voting). While these issues were consistently identified in the focus groups as matters of concern to the host community, it is difficult on the basis of the interview data to gauge the social costs involved. The matters raised are mostly short-term integration issues or cultural conflicts that understandably arise from the experience of migrating from a refugee camp or war-torn part of world and the need to learn new ways of living, speaking, and relating with members of the host culture. However these are issues that fade over the longer term. For instance, while under-employment was a common concern raised in the focus groups, LSIA data analysed in Chapter 3 show that the longer migrants were in the workforce, the more, generally speaking, they were able to use their qualifications.

While most migrants entering Australia are skilled, some humanitarian or preferential family groups from refugee camps, upon arrival in Australia, may lack education and a sufficient grasp of English language skills. Development of social capital in the form of linkages between migrant groups and the host community is inevitably influenced by the extent to which people share a common language. The evidence amassed in this report suggests that the ability to communicate with the host community is absolutely vital, not only for practical reasons of attaining employment and attending education, but also for building cross-cultural understanding, social cohesion, and social capital networks. A lack of proficiency in English presents barriers to participation not only in employment but also in education and training and in leisure, cultural and sporting activities. However, most migrants, including those arriving through the humanitarian intake, have proven over time to learn English, acquire qualifications and do well. Furthermore, they are generally ambitious for their children to achieve and to have better opportunities in life. Hence many of the benefits of migration accrue to the second generation, while most of the personal costs of migrating are born by the first generation. These costs may include cultural isolation, separation from family and friends, problems with acquiring English literacy, lack of recognition of overseas qualifications, under-employment, unemployment and welfare dependency.

There seems to be no doubt that policies of multiculturalism have encouraged the right sort of environment for cultural diversity to be generally not only accepted but also enthusiastically embraced by migrants and host communities alike. Bipartisanship on most migration policies has no doubt contributed to this outcome. This does not mean that tensions do not exist and that racism and prejudices are not experienced at times but there seems to be wide-ranging preparedness within Australian society for tolerance of cultural and religious diversity that migration brings. Indeed, attitudes to migration and cultural diversity appear to be more positive than a decade ago although survey results suggest that such attitudes are sensitive to topical issues, global events and economic conditions.

While good use is made in Australia of migrants' human capital, some factors which apparently extend settlement time have received attention in the literature and were backed up by the community studies. These include problems associated with the recognition or upgrading of overseas qualifications or their under-utilisation in the workplace due to potential transferability gaps. Governments at all levels and society at large eventually bear any extra burdens of increased costs arising from welfare and other intervention services, health care, and the loss of productive members of society and forgone opportunities if migrant workers with qualifications are unable to use their skills in the Australian working environment. Thus it is in the best interests of not only migrants but also the host community to maximise opportunities and facilitate the social context in which people can thrive.

Governments, in Australia and around the world, only have a limited capacity to control the factors influencing immigration patterns through planning intake quotas of various visa streams. Using a scenario construction methodology, Chapter 12 attempted to illustrate the complexity of the forces shaping the future of migration through the sketching of three possible short-term scenarios. Immigration is a dynamic policy field, where old outlooks can be rapidly superseded as international settings unfold. For instance, the effects of economic globalisation on immigration can be profound. Bilateral trade agreements and the development of global markets for professional, creative and skilled labour can accelerate the temporary two-way movement of people between countries – a migration cohort that barely existed two decades ago. Economic migration is no longer confined to poor people seeking a better life but rather encompasses a large and growing cohort of people living as global citizens (a concept commonly raised in focus groups) seeking careers and personal development across the world. Simultaneously, the notion of immigration as a form of permanent relocation may itself become superseded in a world of global citizens. Migration across borders increasingly includes a wide range of temporary moves for an expanding range of reasons: education and training, professional development, personal reasons and meeting skill shortages. Increasingly employers have a global view of labour recruitment, recognising sponsored temporary skilled workers as essential for successful operations (Khoo *et al.* 2004). Many of the factors shaping migration patterns are also inherently unstable, none more so than Australia's economic health. The very strong growth of recent years has been a catalyst for all kinds of immigration, but more especially the movement of skilled people. The latter have helped counter the nation's increasing skills shortages. Finally, the destinations of migrants within Australia appear ever more dynamic, depending on the current locomotives of economic and regional expansion.

13.2 Directions for further research

Obviously, a great deal more research could be undertaken into modelling migration futures, a complex task that was outside the scope of the current study. This study identified a number of other avenues for further research. Those with most relevance to policy-makers are summarized below.

Chapter 2 overviewed the geographically uneven patterns of settlement of migrants within Australia. Until recently, the major capital cities on the east coast had been the preferred destinations for migrants. The Regional Sponsored Migration Scheme (RSMS) has however been generally successful in attracting migrants to country areas – albeit on a small scale – and in contributing skills to the regional economy (DIMA 2005a). These settlement patterns have important implications for the delivery of migrant-related services (for example, language services for people from non-English-speaking backgrounds). Such are the variations between and within states and territories in this regard that it is not possible to specify which services are needed most and where. This is particularly important in ameliorating the social costs associated with migration, especially the short term integration issues that arise mostly during the settlement process. This issue could be subjected to detailed local analysis at a regional level, taking into account results of the 2006 Census when available.

Chapter 3 found that skilled workers, predictably, had the highest levels of use of qualifications of all visa categories. It could be concluded that good use is made of human capital in the form of migrant education qualifications and that the extent of use of this capital increases over time. However, comparisons between pre- and post-migration qualifications use have not been made. Thus the degree to which a ‘transferability gap’ prevents migrants from being fully rewarded for skills and work experience gained prior to settlement in Australia is not known but warrants further exploration (Ho and Alcorso 2004:242).

Additionally, many migrants change occupations both on and after arrival in Australia. In fact, around 40 per cent of employed migrants changed to a different major occupation group by comparison with their first jobs in Australia (ABS 2004e). There appears to have been minimal investigation into the reasons for such changes, yet underemployment and unemployment were commonly raised as matters of concern among most focus groups. Employment status impacts not only upon the economic but also human wellbeing of individuals and households. Monitoring representations of migrants in different sectors of the Australian workforce (including in education and in all tiers of government) might allow patterns of adaptation to be gauged, myths to be dispelled, and suggestions of overt discrimination and claims of trends towards emergence of a migrant underclass to be properly investigated.

Despite the introduction of Programmes such as the Regional Sponsored Migration Scheme (RSMS) and the Skilled Designated Area Scheme (SDAS),

Australia still experiences shortages of skilled labour. These shortages underscore widespread support for continuation of existing federal government policy to increase opportunities for people to convert from long-term temporary visas (under which Australia has no obligation to provide jobs or social security) to permanent onshore immigrant status (Jupp 2002; McDonald 2002). While there appear to be many advantages for Australia of temporary visa migrants (C. Richardson 2002), little is known about their migration experience or whether the training of Australian residents might present a better long-term option. Further research could shed light on this growing issue of immense policy relevance in the current global economic climate.

While differences in self-reporting, language limitations and cultural considerations may account for unexplained variations in the health status of migrants, further research into the reasons for the decline in the health status of some migrant groups after settlement in Australia appears warranted.

There is abundant evidence of the widespread acceptance of Australia's policy of multiculturalism and support for its programme of planned migration intakes. Nevertheless consistent expressions of negative attitudes towards certain migrant groups persist, as demonstrated by earlier research (Jarasuriya and Kee 1999) and our own community studies. The community studies suggested there were huge variations between locations in the extent to which immigrants formally participated in civil society. Strong positive leadership by civic and community leaders as well as private and public organisations and individuals, of the kind we found in Toowoomba and Shepparton, are virtues thought to be critical to promoting, and in some instances restoring, a more socially cohesive understanding of multiculturalism. However the crucial role that local civic leadership plays in either promoting or undermining multiculturalism warrants further research, especially in light of the varying response to humanitarian settlement in regional Australia. This is an issue set to become even more important in an increasingly globalised society where Australia has to compete with other destination countries for skilled migrants. The ability to attract migrants will probably be influenced by their perceptions about Australian society in general and the ease with which their resettlement and acceptance can be accomplished. To date, on the whole, Australia has been a beacon to the rest of the world, but more research is warranted into the role of local factors to the success or otherwise of the settlement process.